

## North Carolina Industrial Hemp Commission

### MINUTES

December 3, 2020 at 10:00 a.m.

Telephone / Internet Conference Call

Commissioners in attendance:	Other official attendees:
Dr. Sandy Stewart, Vice-Chair	Tien Cheng, Department of Justice
Mr. Guy Carpenter	Janyne Kizer, EIT, NCSU
Dr. Shirley Hyman-Parker	Beth Farrell, General Administration, NCDA&CS
Sheriff Tim Manning	Phil Wilson, Plant Industry Division, NCDA&CS
Mr. Pat Short	Jon Lanier, Asst. General Counsel, NCDA&CS

Call to Order – Dr. Sandy Stewart, Vice-Chairman

Roll Call of Attendees – Dr. Sandy Stewart, Vice-Chairman

Vice-Chairman **Stewart** initiated a roll call to determine if a quorum of Commissioners were present. Five Commissioners as listed above were in attendance, meeting the requirement of a quorum.

Statement Concerning Conflicts of Interest – Dr. Sandy Stewart, Vice-Chairman

Vice-Chairman **Stewart** read the statement concerning conflicts of interest and asked members to identify any potential conflicts of interest. No conflicts of interest were identified.

Recognition of Conference Call – Dr. Sandy Stewart, Vice-Chairman

Vice-Chairman **Stewart** noted that the purpose of this meeting is to approve applications to cultivate industrial hemp in North Carolina. Under state and federal laws, individuals must be issued a license to participate in the North Carolina Industrial Hemp Pilot Program. Growers in the state who wish to cultivate industrial hemp must submit an application for a license to the Industrial Hemp Commission. Applications that have been vetted seriously by N.C. Department of Agriculture and Consumer Services staff will be reviewed at this meeting. There is no public comment period for this meeting.

Recognition of Special Guests – Dr. Sandy Stewart, Vice-Chairman

Vice-Chairman **Stewart** recognized Mr. Tien Cheng, NC Department of Justice and Mr. Jon Lanier, Asst. General Counsel, NCDA&CS.

Industrial Hemp Program Update – Mr. Paul Adams, NC Industrial Hemp Program Manager,  
Plant Industry Division, NCDA&CS

Vice-Chairman **Stewart** called on Mr. Paul Adams to provide a program update.

- Mr. **Adams** reported that as of December 3, 2020, North Carolina has 1,521 licensed industrial hemp growers, representing 14,543.17 licensed acres and 7,208,288.59 square feet of licensed greenhouse production. There are currently 1,183 registered processors in the state.
- Commissioner **Carpenter** asked if there are new processors still registering. Mr. **Adams** responded that every week there are additional processors requesting to be added.

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- Commissioner **Carpenter** noted that in the future the Commission may want to define processors in a more specific manner as the market continues to develop to show legitimacy of processors. Mr. **Wilson** responded that the Plant Industry Division would be happy to do that, but will need direction and authority to change the process.
- Vice-Chairman **Stewart** asked for a reminder of what information is collected when someone registers as a processor. Mr. **Adams** noted that the information collected includes an outline of what the processor will be doing, what products will be made, and contact information; there are no currently defined qualifications for a hemp processor.
- Commissioner **Carpenter** noted that looking at processors who are not submitting reporting requirement information may be a way to validate the list of registered processors in the future to better position hemp in the state for the long term. Vice-Chairman **Stewart** noted that there may be processors currently registered who are not actively processing hemp; directions for processors is rules process and can be reviewed and refined. Plant Industry Division staff will evaluate options.
- Commissioner **Carpenter** asked how the changes with the testing lab were working. Mr. **Wilson** noted that the change was a result of the state bid process and the contract went to the lowest bidder; it has gone well and with no issues. Commissioner **Carpenter** asked if staff anticipates any problems or increased burdens on farmers with the new testing lab; Mr. **Wilson** noted that the process has been smooth and farmers are not paying less for testing.
- Commissioner **Carpenter** asked if there are any issues from farmers that should come to the attention of the Commission. Mr. **Wilson** noted that some product doesn't pass testing standards and has to be destroyed, but things are working well so far.
- Vice-Chairman **Stewart** asked what the level of compliance has been in sampling the 2020 crop. Mr. **Adams** noted that based on experience this year, farmers are achieving compliance more often than the historical failure rate of 10-10.5% over the last 4 years. This year, over 90% of growers are testing within compliance. Much has been learned in the history of the program and there are numerous factors that could contribute to increased compliance.

#### Old Business

- NC Industrial Hemp Pilot Program Update – Mr. Jon Lanier, Asst. General Counsel, NCDA&CS
  - Mr. **Lanier** reiterated what was shared at the Commission's last meeting regarding the extension of pilot programs on the federal level. This was included through a provision in the Continuing Resolution on funding to extend hemp pilot programs until September 30, 2021. The North Carolina Industrial Hemp Pilot Program will be extended until this date.
  - Chairman **Stewart** noted that USDA also reopened the comment period on the Domestic Hemp Program Interim Final Rules; indications are that USDA wants the rule to be finalized in early 2021. However, this timeline may change with a new administration. Mr. Jon Lanier was thanked for his efforts.

#### New Business

- Approval of Minutes from the October 23, 2020 meeting – Dr. Sandy Stewart, Vice-Chairman
  - Vice-Chairman **Stewart** called for a motion to approve the minutes from the October 23, 2020, meeting. Motion to approve these minutes was made by Commissioner **Hymon-Parker** and seconded by Commissioner **Carpenter**. Motion passed on a roll-call vote.

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- Review and Approval of Research Pilot Program Applications – Dr. Sandy Stewart, Vice-Chairman
  - Vice-Chairman **Stewart** read the names of the applications under consideration at this time: Bernard Dwight Foster; Elise Marie Rider; John David Strelecki; Kennis Earl Wilkins; Eric Abarelli; Nicholas Dutermann Hohns; and Samuel Gibbs.
    - Vice-Chairman **Stewart** asked if there was a motion to approve the applications presented. Commissioner **Manning** made a motion to approve the applications. Commissioner **Short** seconded the motion to approve. After roll-call vote, all applications were approved.
- Warning about the grey areas of existing law – Commission Members
  - Vice-Chairman **Stewart** noted that the uncertainty around hemp has been highlighted several times during the meeting. The key point is that as of today, there is authorization to operate a hemp pilot program in N.C. through September 2021. USDA will need to issue a final rule and authorization from the N.C. General Assembly for the state to continue to operate the program after that date. The CBD market continues to be difficult to define and a high level of uncertainty remains.
  - Commissioner **Carpenter** noted that there is growing interest in the hemp fiber industry; demand for product trials and processing is growing. This is coming from global brands that can lead to commercialization. The NC fiber market may be the national leader in this area; work is being done with USDA, the Wilson College of Textiles at NC State University, Gaston College Textile Technology Center, and Hem Mills Concord to explore and develop hemp as a textile commodity and evaluating non-woven opportunities; and he looks forward to sharing the results. Currently there are 4 decorticators in the state, with two being commercial scale; however, there is limited capacity at this time. There will need to be more processing capacity to get to large scale production. Commissioner **Carpenter** reiterated that growers shouldn't plant hemp until they have a confirmed market for any type of hemp to minimize continued oversaturation of the market. He is confident there is a future for textile opportunities but this will need to grow with the industry and does not anticipate exponential growth in this area.
  - Commissioner **Short** thanked Commissioner **Carpenter** for the fiber update. However, the CBD market is flooded with a massive amount of biomass with no market. He recommended that before someone grows hemp that they have a contract that is reviewed by lawyers before making a tremendous financial investment. North Carolina grown product has a good quality, but there is currently no market opportunities.
  - Vice-Chairman **Stewart** thanked staff for their assistance with today's meeting.

Adjourn: Being no further business, a motion to adjourn was made by Commissioner **Short** and seconded by Commissioner **Carpenter**. Motion passed on a voice vote.

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